

Message Text

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47 41

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 INT-08 SPC-03 AID-20 EB-11

NSC-07 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15

DRC-01 DODE-00 IO-14 (ISO) W
----- 117952

R 131101Z MAR 74

FM USINT BAGHDAD

TO SECSTATE WASHDC 832

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

UNCLAS BAGHDAD 0145

KUWAIT PASS DOHA

EO 11652: NA

TAGS: EFIN XF IZ

SUBJ: IRAQI VIEW ON INTERNATIONAL MONETARY REFORM

1. ONE OF FEW IRAQI COMMENTARIES ON MONETARY REFORM
APPEARED RECENTLY IN SEMI-OFFICIAL BAGHDAD OBSERVER. IT IS BELIEVED
TO REPRESENT SUBSTANTIAL BODY OF OPINION WITHIN BAATH PARTY.
EXCERPTS FOLLOW.

2. ATTEMPTS TO SOLVE WORLD MONETARY PROBLEMS BY IMF OR
OTHERS HAVE BEEN PARTIAL REMEDIES AND HAVE NOT SUCCEEDED IN
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ENDING DETERIORATING SITUATION. DRASTIC REMEDIES ARE OPPOSED

BY WEALTHY WESTERN COUNTRIES WHO PREFER MANIPULATING SYSTEM IN THEIR OWN INTEREST. ACCUMULATING WEALTH OF ARAB COUNTRIES AND CONTINUED WEAKENING OF MAJOR HARD CURRENCIES CREATE AN ATMOSPHERE IN WHICH ARAB COUNTRIES CAN PLAY THEIR DESTINED ROLE IN INTERNATIONAL MONETARY SYSTEM.

3. IF ARAB CAPITAL STARTS TO FLOW TO AMERICAN AND SOME EUROPEAN REGIONS IT WOULD TO GREAT EXTENT MITIGATE THEIR BALANCE OF PAYMENTS DEFICITS AND UPHOLD PRESTIGE OF THEIR CURRENCIES. IT IS HIGH TIME FOR ARABS TO TAKE INITIATIVE IN ESTABLISHING COMMON PREDOMINANTLY OIL BASED "ARAB CURRENCY UNIT" CAPABLE OF REPLACING DOLLARS AND STERLING. SUCH CURRENCY WOULD HAVE TO BE LINKED TO GOLD.

4. REACTIONARY ARABS, PARTICULARLY SAUDI ARABIA, WOULD SURELY REFRAIN FROM PARTICIPATING IN SUCH A PROJECT SINCE IT PREFERS TO DEPOSIT EXCESS REVENUES IN AMERICAN AND OTHER BANKS AND WITH IMF AND IBRD WHOSE SERVICES TO MAJOR WESTERN COUNTRIES ARE WELL KNOWN.

5. FUTURE SOLUTION FOR INTERNATIONAL MONETARY SYSTEM LIES ON SHOULDERS OF ARAB COUNTRIES AND ULTIMATE ANSWERS ON MAJOR ECONOMIC, SOCIAL AND POLITICAL ISSUES ARE GOING TO BE THOSE OF THE PROGRESSIVE ARAB WORLD.
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